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Turkey

Cotton and Products

Cotton update

2006

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Report Highlights:

Turkish cotton imports totaled 265,000 MT during the first five months of MY 2005. Year end total imports are expected to be about 700,000 MT, about seven percent less than last year due to expected decline in domestic consumption. U.S. cotton continued to be the leader of the import market with fifty-eight percent market share. Cotton planting is expected to increase next year due to dissatisfaction of farmers with alternative crops such as corn.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Quarterly Report
Ankara [TU1]
[TU]

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Production

Domestic cotton planting is expected to increase next year due to farmers' dissatisfaction with return of alternative crops such as corn. Turkish farmers are also in search of ways to make cotton planting more feasible and to be able to compete with the imported cotton. Reportedly, the total number of cotton harvesters will double and reach 260 in MY 2006 compared to last marketing year, which will lessen the dependence on hand picking and decrease costs. It is also reported that co-ops (Antbirlik, Taris) are proceeding with their plans to produce bio-diesel to cut fuel costs as well.

This week, the GOT announced a YTL 0.32 per kilo production bonus for MY 2005 seed cotton. The new bonus represents a forty percent increase over last year's bonus showing GOT's desire to support domestic cotton production. Even though the bonus was announced late and it is not known when actual payments will be done, it still is considered a tool to attract farmers to plant cotton. The GOT also announced that the production bonus payment for seed cotton would continue in MY 2006.

PSD Cotton

Turkey Cotton (HECTARES) (MT)						
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		08/2003		08/2004		08/2005
Area Planted	0	710000	0	700000	0	580000
Area Harvested	710000	710000	700000	700000	600000	580000
Beginning Stocks	297197	193925	278255	216290	366869	276025
Production	892679	900000	903565	900000	772929	750000
Imports	516012	499315	742230	742735	751157	700000
MY Imp. from U.S.	0	307441	0	455414	0	420000
TOTAL SUPPLY	1705888	1593240	1924050	1859025	1890955	1726025
Exports	77728	76950	33094	33000	21773	30000
USE Dom. Consumption	1349905	1300000	1524086	1550000	1534972	1450000
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	1349905	1300000	1524086	1550000	1534972	1450000
Ending Stocks	278255	216290	366869	276025	334210	246025
TOTAL DISTRIBUTION	1705888	1593240	1924049	1859025	1890955	1726025

Consumption

Domestic consumption in MY 2005 is expected to go down to 1.45 MMT from 1.53 MMT the previous year. The over-valued Turkish lira continues to work against the Turkish exports. While Turkish textile companies are facing increasing competition from China in international textile markets, yarn producers are competing with India, Pakistan and Central Asian Countries. In recent years, Turkish companies are reportedly keeping their shares in export markets by increasing productivity, lowering profit margins, extending payment periods and replacing raw materials with low cost imports. However, it seems that it is still difficult for the Turkish textile industry to compete with China's low prices. The over-valued Turkish lira, higher cost of domestic labor and energy are keeping the cost of textile exports high.

Turkish textile industry is in transition to adjust to the new conditions. While some companies are down sizing and focusing on more value added products, other companies are moving production units to countries where cost of production is less than in Turkey i.e., Central Asian Countries. As a result, domestic cotton consumption is expected to decline in the coming few years if the major steps needed are not taken by the government and the industry.

Trade

Mills reportedly used domestic cotton due to price advantages during the first half of the marketing year. Turkey imported a total of 265,000 MT of cotton during the first five months of the MY 2005 and year end imports are expected to be about 700,000 MT less about seven percent compared to last year due to expected decline in domestic consumption. Imports from the US were 153,000 MT constituting fifty-eight percent of the total. They would have been higher if GSM-102 program had been announced at the beginning of the fiscal year, as importers expected. Greece (62,000 MT) and Syria (16,000 MT) were the other leading exporters. Brazil, with 5,200 MT, also emerged to be one of the leading cotton providing countries during the period for the first time.

Turkey exported about 17,420 MT cotton during the same period but a significant sum of that was to Mersin Free Trade Zone, which might be brought back to the country later. Also, about 5,470 MT of cotton exports are categorized as hydrofoil cotton, which is used for medical purposes. Hydrofoil cotton exports are reported in the "others not listed" category in the Export matrix below for MY 2005.

TM Import cotton

Import Trade Matrix**Country** Turkey**Commodity** Cotton

Metric tons

Time Period **MY 2003** Units: **MY 2004**
 Imports for: **Aug/July** **Aug/July**
 U.S. **307441** U.S. **455414**

Others		Others	
Greece	77490	Greece	158715
Syria	31388	Syria	48780
Turkmenistan	26411	Uzbekistan	15874
Mersin Free Zone	14964	Turkmenistan	14478
Iraq	8554	Israel	9009
Israel	7354	Egypt	7718
Azerbaijan	6028	Mersin Free Zone	4704
Egypt	5338	Azerbaijan	4186
Uzbekistan	3141	Uganda	3940
Ethiopia	2600	Kazakhstan	2965
Total for Others	183268		270369
Others not Listed	8604		16952
Grand Total	499313		742735

Time Period **MY2005**
 Imports for: **Aug/Dec**
 U.S. **153690**

Others	
Greece	62289
Syria	16676
Brazil	5190
Turkmenistan	5110
Egypt	2960
Tanzania	2925
Uzbekistan	2822
Azerbaijan	2668
Uganda	2202
Israel	1200
Total for Others	104042
Others not Listed	7348
Grand Total	265080

TM Export cotton

Export Trade Matrix**Country** Turkey**Commodity** Cotton

Metric tons

Time Period **MY 2003** Units: **MY 2004**Exports for: **Aug/July** **Aug/July**U.S. **U.S.**

Others Others

Mersin Free Zone	19457	Mersin Free Z.	6770
Italy	12158	Italy	6478
Germany	4261	Netherlands	4000
Bangladesh	4139	Kayseri Free Z.	2326
Portugal	3868	Portugal	2004
Netherlands	3754	Greece	1762
France	3611	France	1576
China	3541	Thailand	1445
Kayseri Fee Z.	2729	Hungry	968
Greece	2080	Russia	717

Total for Others 59598 28046

Others not Listed **17348** **4951**

Grand Total 76946 32997

Time Period **MY 2005**Exports for: **Aug/Dec**U.S. **200**

Others

Mersin Free Zone	9102
China	702
Kayseri Free Zone	528
Portugal	380
Italy	318
Poland	166
India	114
Malaysia	100
Pakistan	88
France	82

Total for Others 11580

Others not Listed **5840**

Grand Total 17420